Growth contracts as consumers recalibrate – *Clur Shopping Centre Index*

Growth in trading density levels at more than 4 million square metres of prime retail space in South Africa contracted further in 2023, dipping below the annual inflation rate, according to the *Clur Shopping Centre Index*

Belinda Clur, managing director of Clur International. Images supplied

The downward trend was first noted in September 2022, says Belinda Clur, managing director of Clur International, which produces the index to help asset managers optimise performance for listed and unlisted property funds at over 100 shoppi centres in South Africa and Namibia.

She says the full year 2023 index for all centres closed at 4.9% y/y growth, with an annualised trading density of R40,899 per square metre, under-performing 2023 CPI by 1.1%.

“This represents a 7.2% contraction from the 2022 full year growth of 12.1% y/y.

“The 2023 festive season index for all centres, covering November and December, closed at 4.4% y/y growth, with an annualised trading density of R55,007 per square metre. This represents a 5.3% contraction from the 2022 festive seasor growth of 9.8% y/y.

“The rest of year 2023 index for all centres closed at 5.1% y/y growth, with an annualised trading density of R38,056 per square metre. This represents a 7.7% contraction from the 2022 rest of year growth of 12.8% y/y.”

Clur says larger centres, specifically super-regionals, which fell the furthest during the 2020/21 downturn continue to lead growth, despite the marked drop-off relative to 2022 levels.

“In 2023, super-regional centres again performed best in trading density levels, reaching R48, 628 per square metre, des harsh economic and social headwinds. Smaller centres, which showed a stronger growth trend during the downturn, have shown a softer contraction over the year, recording sales per square metre of R36, 119.”

Larger centres have maintained the highest trading density levels since mid-2018, when the Clur Indices were introduced.

Clur says the retail property sector has done well against a backdrop of many challenging global and local circumstances.

“One must be realistic about continually chasing growth. We live in cycles and should be careful of being seduced by misleading growth rates which may be off a very low base. Lower growth off the back of maintained high dependable tradi densities is a far safer proposition. The industry should be applauded for the healthy solid trading density levels it displays and has maintained, irrespective of growth.”

Clur says the 2023 sector performance comes at a time when the consumer position is recalibrating.

“The world is seeking balance, and this transcends everything, reframing all facets of life. This is in response to numerous shocks, since 2019, and is a push-back on chronic stress, reflecting important boundary setting, thoughtfulness and a ne consumer mindset.

“The consumer desire for balance, underpinned by respect for time, energy and health, both guides strategy and comes w high expectations from shopping centres and retail brands around quality, marketing, entertainment and experience. Quicl clever, thought and joy-inducing marketing is desired, along with shopping and entertainment experiences allowing escape and engagement of all the senses.”

Clur says shopping centres have an important role to play in supporting this community need for what seems to be both grounded wholeness and fantasy escape.

“Central to the focus on balance is the desire to have a life affair, to live life now. This ‘La Dolce Vita’ attitude recognises t life is short and fragile, to be enjoyed rather than worked away.

Linked to this, time is now being viewed as a currency more valuable than money. This is highlighted by the emergence of time banking and alternative economies such as second-hand luxury goods investing and bartering of goods and services

Health and beauty are vital pillars of the prioritisation of balance, says Clur, with specialist retailers targeting rapid expansi

“The trajectory for the sector is endless as health also further entrenches as a currency more valuable than money and se care becomes more important. Fitness and athleisure popularity continue to soar, along with considered beauty and integrative wellness formats.

The ‘Ozempic Economy’, linked to a new class of successful weight loss drugs, has been identified in the United States, where its impact on altered healthier grocery and alcohol purchase patterns is being watched. In addition, specialised wellness resorts are on the rise and lipstick index behaviour prevails as people turn to small uplifting indulgences in hard times.

“Respect, substance and intentional living sit at the core of this desire for balance, where we see an evolution from hard values to soft, enlightened and meaningful values built on ethics, inclusivity, personalisation, innovation, circular economic and bio-tech.”

Dignity is paramount in this new framework, where issues such as equality, animal rights, respectful technology, climate change, poverty alleviation and solving future protein supply chains are critical says Clur.

“A philanthropic and educational focus of brands is welcomed as the world seeks meaning. Increasingly, insights and wisdom are sought from the East, which represent new growth territories for many categories, especially luxury.

“In many ways we are in a trend collision between the future and the past. A return to physical books signals this, showing that people don’t only want to live with ever-advancing digital screens, intensifying sharp technology and artificial intelligen but also crave texture, realness and tactile physical sensory experiences.

People are seeking meaning and resonance in a world that has become fast and superficial, to which the retail property sector has to continue to adapt.”